

# Committee on Ways and Means

## Social Security Identity Theft Fact Sheet

### Key Facts About Identity Theft and Social Security Numbers

- **Identity theft is one of the fastest growing financial crimes** – affecting nearly 10 million Americans last year.
- **Identity theft is the number one consumer complaint** – amounting to 43 percent of complaints received in 2002 by the Federal Trade Commission (FTC). Complaint calls from possible victims have doubled every year since the FTC began collecting information on them in 1999.
- **The Social Security number (SSN) is one of the main tools used to steal an identity.** According to FTC testimony, “The Social Security number is the one piece of information that most facilitates identity theft, as it opens the door to an individual’s financial life – providing access to checking accounts, savings accounts, brokerage accounts, etc.”

### Combating Identity Theft is Key to Protecting Homeland Security

- **Terrorists use Social Security number fraud and identity theft to assimilate themselves into our society, as did those responsible for the September 11<sup>th</sup> attacks.** According to FBI testimony before the Senate Committee on the Judiciary, “Terrorists have long utilized identity theft as well as Social Security number fraud to enable them to obtain such things as cover employment and access to secure locations. These and similar means can be utilized by terrorists to obtain Driver’s Licenses, and bank and credit card accounts through which terrorism is facilitated.”

### Identity Theft Imposes Significant Costs and Hardships

- **Identity theft is costly to businesses and consumers.** A FTC-sponsored survey estimates the total cost of identity theft to businesses approaches \$50 billion per year. The collective cost to victims is about \$5 billion and 300 million in hours per year spent resolving problems related to the identity theft.
- **ID theft can be devastating.** Victims of ID theft often have trouble obtaining new credit cards, mortgages and loans. Victims can be harassed by debt collectors and be subject to criminal investigation and even arrest, as a result of the crimes that the thief committed when using the victim’s stolen identity.
- **It often takes years to “clear your name.”** Survey results show 45 percent of victims of ID theft had resolved their cases in an average of nearly two years. For the other 55 percent of victims, their cases had been open for an average of 44 months and were still unresolved.
- **Businesses and government agencies are exposed to legal liability** – if SSNs and other personal information they collect is unlawfully made public or stolen by an “insider.” Encouraging less dependence on SSNs reduces opportunities for identity theft and this liability exposure. Also, preventing ID theft reduces direct losses to merchants, banks, credit companies and others.

## **Experts Agree – Prevention Measures are Needed to Fight Identify Theft**

- The U.S. General Accounting Office (GAO) said in a recent report, “A multi-pronged approach to combating identity theft must include prevention efforts, such a limiting access to personal information.”
- The SSA IG has said, “We must take steps to limit its [SSN] use and limit the expansion of its use” and, “The availability of SSNs on public documents and over the Internet must come to a stop.”

## **Bipartisan Legislation Restricts Access to SSNs, Better Protecting the Public From Being Victimized**

Ways and Means Social Security Subcommittee Chairman E. Clay Shaw, Jr. has introduced bipartisan legislation, H.R. 2971 the *Social Security Number Privacy and Identity Theft Prevention Act of 2003* to:

- **Stop access to SSNs in public and private sector** – by restricting the sale, purchase and public display (including Internet) of SSNs, limiting dissemination of SSNs by credit reporting agencies and making it more difficult for businesses to deny services if a customer refuses to provide his or her SSN;
- **Protect individuals** – by prohibiting persons from obtaining SSNs to find a person with the intent to physically injure or harm them;
- **Tighten SSN controls** – by requiring a photo ID to get a SSN or replacement card, restricting issuance of multiple replacement cards, requiring verification of birth records, and improving the process for issuing SSNs to newborns; and,
- **Enforce Restrictions** – through civil and criminal penalties for violations.

*Sources: General Accounting Office; Social Security Administration, Office of Inspector General; Department of Justice; Federal Trade Commission; Comptroller of the Currency; Privacy Rights Clearing House; Identity Theft Resource Center; California Public Interest Research Group; Senate Committee on the Judiciary Testimony and Senate Special Committee on Aging Testimony.*